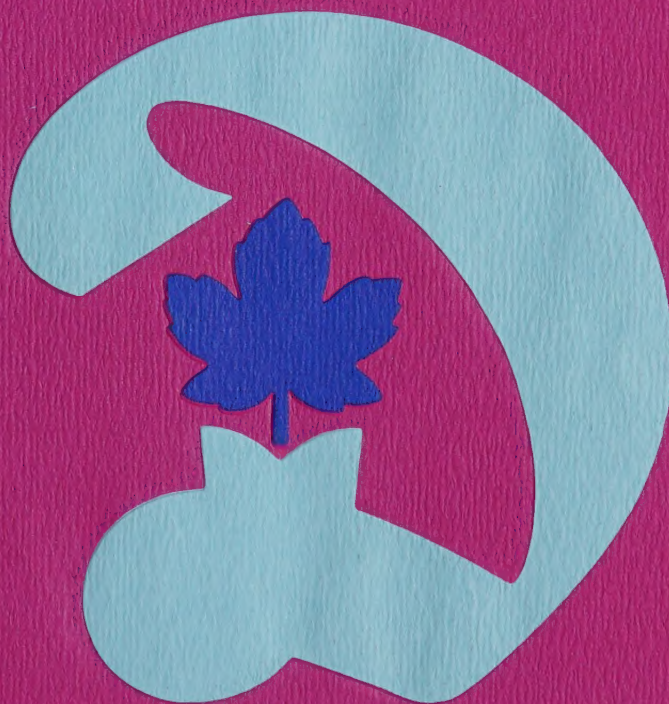


THE BOARD OF DIRECTORS OF DOMINION STORES LIMITED PRESENTS THE 50TH ANNUAL REPORT

AR39

To The Shareholders

FISCAL YEAR ENDED MARCH 21, 1970



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Version française—On peut obtenir un exemplaire français du présent Rapport annuel en s'adressant au Secrétaire de la Compagnie, 605 Rogers Road, Toronto 15, Ontario.

Auditors

McDonald, Currie & Co., Toronto

Bankers

Bank of Montreal
Banque Canadienne Nationale
Banque Provinciale du Canada
Canadian Imperial Bank of Commerce
The Bank of Nova Scotia
The Royal Bank of Canada
The Toronto-Dominion Bank

Transfer Agents

Crown Trust Company
Toronto, Montreal and Vancouver
Canada Permanent Trust Company
Halifax and Saint John
Bankers Trust Company, New York

Registrars

Crown Trust Company,
Toronto, Montreal and Vancouver
Canada Permanent Trust Company,
Halifax and Saint John
Bankers Trust Company, New York

The Annual Meeting of Shareholders will be held at the new Dominion Distribution Centre, on the West Mall at Highways 5 and 27 in the Borough of Etobicoke, on Monday, the 17th day of August, 1970, at the hour of 11:00 a.m.

Comparative Highlights

For the Year Ended
March 21, 1970
(52 Weeks)

For the Year Ended
March 22, 1969
(52 Weeks)

Sales	\$651,649,735	\$602,886,147
(An increase of \$48,763,588 or 8.09%)		
Net Earnings	\$ 9,318,397	\$ 9,521,721
per dollar of sales	1.43¢	1.58¢
per share of common stock	\$ 1.15	\$ 1.17
Dividends	\$ 5,813,509	\$ 5,812,581
per share of common stock	72¢	72¢
Working Capital	\$ 17,336,081	\$ 18,714,963
Ratio of Current Assets to Current Liabilities	1.46	1.57
Total Reinvested Earnings	\$ 66,853,452	\$ 63,348,564
Shareholders' Equity	\$ 82,597,732	\$ 79,037,063
Number of Stores at End of Year	398	389



Directors

	*JOHN A. McDOUGALD <i>Chairman of the Board and Chairman of the Executive Committee</i>	
LEWIS H. M. AYRE	*STEWART G. BENNETT	*GEORGE M. BLACK, JR.
PIERRE PAUL DAIGLE	A. BRUCE MATTHEWS	*THOMAS G. McCORMACK
*MAXWELL C. G. MEIGHEN	ANDRE MONAST, Q.C.	WILLIAM J. STEWART
	*E. P. TAYLOR	E. CLIFFORD WENT

**Executive Committee*

Corporate Management

	THOMAS G. McCORMACK <i>President and Chief Executive Officer</i>	
THOMAS G. BOLTON <i>Vice-President, Corporate Development</i>	W. FRANK CAPSTICK <i>Vice-President, Operations</i>	NATHANIEL H. SHAW, Q.C. <i>Vice-President and General Counsel</i>
WILLIAM J. STEWART <i>Vice-President and Secretary</i>	JOSEPH VOIGT <i>Vice-President, Merchandising</i>	E. CLIFFORD WENT <i>Vice-President, Administration</i>
NELSON W. LANCASTER <i>Comptroller, Operations</i>	A. WILLIAM TOMLIN <i>Comptroller, Corporate Finance</i>	

Divisional Management

ALBERT DAVID <i>Eastern Ontario and Quebec</i>	CHARLES T. E. HALSEY <i>Western Provinces</i>	ALLEN C. JACKSON <i>Northern and South-Western Ontario</i>
ROBERT H. JARDINE <i>Atlantic Provinces</i>		RUSSELL L. NETHERTON <i>Toronto, Hamilton Districts</i>

District Management

RÉAL BROUILLETTE <i>Quebec, Quebec</i>	JOHN N. CAMPBELL <i>Toronto, Ontario</i>	JAMES F. EARLE <i>Halifax, N.S.</i>	ELTON C. HAINES <i>St. John's, Nfld.</i>
JOHN A. HIGGINSON <i>Toronto, Ontario</i>	RONALD C. HYNÉ <i>Hamilton, Ontario</i>	RAYMOND LUCYSHYN <i>Winnipeg, Man.</i>	JAMES A. MALCOLM <i>Sudbury, Ontario</i>
PERCY M. MONTFORD <i>Saint John, N.B.</i>	JOHN PANDER <i>Montreal, Quebec</i>	JOHN I. QUINN <i>Windsor, Ontario</i>	GILBERT VIENNEAU <i>Montreal, Quebec</i>
		HARRY TAYLOR <i>Ottawa, Ontario</i>	

Special Management

CHARLES H. ABRAY <i>Director, Real Estate, Engineering and Construction</i>	STANLEY P. GIBSON <i>Director, General Merchandise</i>	EDWARD D. HARVISON <i>Director, Public Relations</i>
JOHN NESTOR <i>Director, Corporate Planning</i>	ERVIN F. CAVEN <i>Director, Personnel and Labour Relations</i>	J. SKIFFINGTON MURCHIE <i>Director, Merchandise Planning</i>
RICHARD J. O'BRIEN <i>Director, Advertising and Promotions</i>	THOMAS THOMSON <i>Director, Plant Operations</i>	



Annual Report To Our Shareholders



JOHN A. McDOUGALD



THOMAS G. McCORMACK

In the fiscal year which ended March 21st, 1970, your Company's sales were higher by \$48 million than the sales recorded in the previous fiscal year. This 8% increase is impressive in itself but is doubly impressive when considered in the light of the competitive situation which existed in the supermarket industry throughout the year.

Shareholders might well anticipate that a sales increase of this magnitude would be reflected in an equally satisfactory improvement in earnings, but this has not

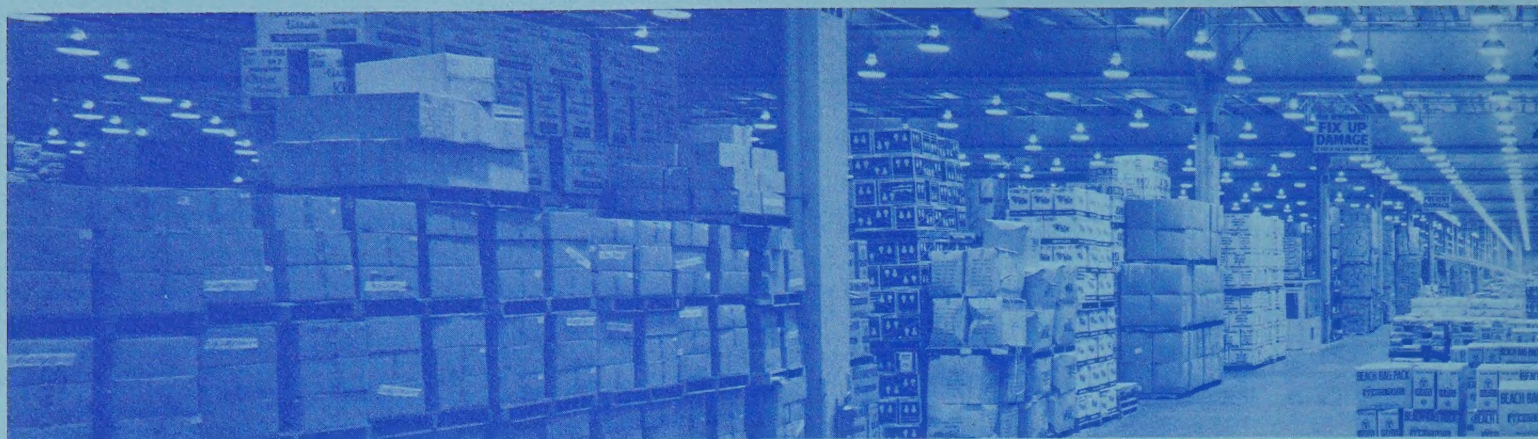
been the case. In fact, earnings declined slightly, for the second successive year.

In these unusual times it appears to be necessary for a business organization to run ever faster and faster in order to stay in approximately the same place. Had your Company and its employees on all levels not demonstrated that they have the will and the energy to advance to the new sales successes recorded, it would simply not have been possible to achieve profits at all comparable to those of the previous years.

Your management does not regard static or declining profits as satisfactory in any sense. However in the year under review, the Company and the industry faced such exceptional problems that the substantial increase in sales and the relatively stable profit picture must be regarded as notable accomplishments.

The end of the fiscal year marked the completion of Dominion's first half-century of service to Canadian consumers. The new record in total sales was the 29th consecutive annual increase.

Costs of doing business continued their inexorable rise. Pressures from government, from organized consumer groups, and from our customers individually, reinforced our own determination to restrain price increases. Inflationary trends continued. Competition within the industry, which a year earlier seemed to have reached a new peak, intensified even further. Your Company's competitors, after all, were facing much the same problems Dominion faced. Since profit per volume of sales was declining it was necessary to attract new customers and increase sales volume.



The fact that Dominion was indeed successful in accelerating its growth in sales is proof of the public's acceptance of our approach and of our conception of their needs and interests in the 1970's. These needs and interests include:

- A demand for the most economical operation of our business, consistent with providing high standards of choice, quality and service;
- Prices that are both competitive and fair;
- Premises that are modern, clean, conveniently located and conveniently arranged;
- A staff that is efficient, knowledgeable about the products we sell and always friendly and courteous.

In this past year we have recognized a further customer interest in additional advertising of an informational nature. While we have, of course, continued the traditional weekly advertising of specific products, we have carried on a supplementary advertising campaign intended to inform customers about our own standards of quality as applied to specific cuts of meat and to other products which we sell.

We have attempted to show customers that the standards we apply are suitable standards for them to adopt personally in their selection of these items. We believe, along with government and consumer groups, that it is desirable for the customer to know as much as possible about the foods she buys and serves to her family. But we think that we are in a unique position for conveying this information to her.

Your Company has attempted to co-operate fully with the Prices and Incomes Commission in its efforts to contain and reduce the high rate of inflation which has prevailed in Canada for some time. By diligently pursuing our established policy of low-cost food distribution your Company continued to make an important contribution in maintaining average weekly food expenditures at an ex-

tremely low level in relation to total disposable income. Inevitably, there were increases in your Company's operating expenses and in the cost of merchandise purchased for sale in our stores. We could not absorb all of these cost increases but many substantial items of cost were either not passed along to customers in the form of higher prices or had their impact on prices delayed by us.

Taxes

A factor not always recognized by customers, or even by government itself, is the impact on the price of merchandise sold through supermarkets of taxation by all levels of government. Although food products are exempt from federal and provincial sales tax, many other items purchased regularly in supermarkets are subject to such taxes. These include daily necessities such as paper products, soaps and detergents, candies and confections, soft drinks, waxes and polishes, cleansing and laundry products, cigarettes and other tobacco products, and most items in the general merchandise category.

Other taxes inevitably are reflected in the ultimate selling price of food and other products. These taxes include federal and provincial taxes on corporate income; municipal taxes paid to 175 communities; sales taxes which make up part of the cost we pay for the equipment and supplies which are used in building, maintaining and operating Dominion Store facilities; taxes on the gasoline we buy for trucks; and many other levies, some of them hidden but all of them very real.

Certain of these taxes are reflected in the cost of merchandise we purchase for resale; certain of them become part of the cost of doing business; others are levied directly against the retail prices of goods sold through our stores. All of these taxes are ultimately paid out of revenues derived from our customers. Between the fiscal year which ended March 18, 1961 and the year which ended



March 21, 1970 these taxes grew from \$15,700,000 to \$35,600,000. In this period municipal property and business taxes alone paid by the Company grew from \$2,400,000 to \$5,400,000, an increase of 125%. By way of comparison, over the same period sales increased 62% and net profit increased 35%.

Earnings

After providing \$10,990,000 for federal and provincial taxes on income and \$7,928,000 for depreciation, net earnings for the 52 weeks amounted to \$9,318,000, compared with \$9,522,000 for the 52 weeks ended March 22, 1969. This represented a decrease of \$204,000 or 2.14%. Net profit represented 1.43¢ per dollar of sales compared with 1.58¢ the previous year. Net profit per share amounted to \$1.15 compared with \$1.17 a year ago.

Dividends

Dividends per share paid to shareholders during the year amounted to 72¢, the same as in the previous year. Quarterly dividends of 18¢ each were paid on June 16th, September 15th, December 15th, 1969 and March 16th, 1970. Dividends paid in the year totalled \$5,813,000 and amounted to 62% of the profits for the year.

Sales

Sales for the 52 weeks ended March 21, 1970 amounted to \$651,650,000 compared with \$602,886,000 in the 52 weeks ended March 22, 1969. The increase of \$48,764,000, or 8.09% was the largest increase, both in dollars and in percentage terms, achieved in any of the last ten years.

We must attract and hold our customers by providing a superior combination of friendly, courteous service, wide variety and highest quality, all at competitive prices. Your Company is confident that its presentation of

superior services will continue to achieve an ever-increasing share of the constantly growing Canadian market.

Financial Resources

At March 22, 1970 working capital amounted to \$17,336,000. The ratio of current assets to current liabilities was 1.46. Working capital, both in dollars and in ratio was slightly lower than at the previous year-end. At March 22, 1970 borrowings under approved banking arrangements amounted to \$11,400,000, due almost entirely to the construction and equipping of the new Toronto distribution centre, which is now operational. With difficult and expensive long term money markets persisting, your Company expects to continue to make use of funds available to it under these favourable banking arrangements.

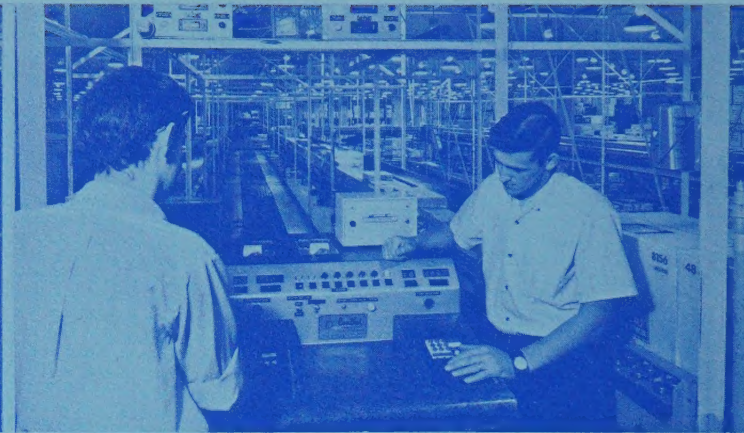
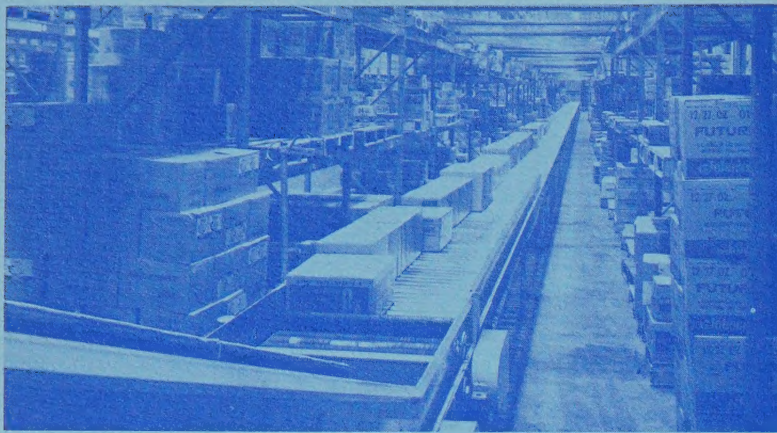
At the fiscal year-end, reinvested earnings amounted to \$66,854,000 and shareholders' equity totalled \$82,598,000, an increase of \$3,561,000 over the previous year-end.

Expenses

As has been the case for many years, the cost of doing business increased substantially during the year under review. The cost of employee salaries and benefits continued to lead all expenses in rate of increase.

As a service business our operations do not lend themselves to automation to the extent that those of many manufacturing industries do. Hence, we must always be ready to take advantage of any innovations and changes which show potential for increasing productivity.

The impact of the weight of taxation on items regularly purchased in supermarkets has been noted.



Planned Development

Twenty stores were opened during the year in the continuing programme of planned expansion. These stores were opened in thirteen different municipalities, adding strength to the already broad base on which your Company operates. All but four of the stores were in shopping centres. Twenty stores were modernized and eleven were closed, with the result that at March 22, 1970, there were 398 stores in operation. At the year-end about sixty new store locations were in various stages of negotiation and development and we expect that about twenty of these will open within the current year.

Personnel

In many ways a food retailing organization's success is not measured in annual financial statements. Customers make the most vital measurement, and they do it, individually, every week or perhaps even every day. To a considerable degree they judge the organization indirectly, through the character and conduct of the employees and through the evidence, in the stores themselves, of the way in which employees carry out their duties.

Dominion Stores is fortunate in having a loyal, industrious, dedicated staff serving on all levels of the organization. They live with this daily passing of judgment by the customers, and the record shows that they, and through them the Company, are judged favourably.

It is the Company's policy to select and train employees so as to provide the necessary flow of alert and capable men and women to assume the responsibility that must be assumed in a rapidly expanding organization. Many employees participate with Company assistance in studies outside working hours including university and college level courses, seminars and conferences, store management workshops and other programs aimed at developing knowledge and ability.

All employees are trained to meet Dominion's standard of friendly and courteous service, a basic element in the Company's relationship with its customers.

At the end of the past fiscal year, there were 9,513 full-time employees and an additional 8,665 regular part-time employees.

Board of Directors

We are pleased to announce the appointment to the Board of Directors of Mr. Alex E. Barron of Toronto. Mr. Barron is Chairman of the Board of Canadian Tire Corporation Limited and a director of a number of other leading Canadian companies.

Annual Meeting

The Annual Meeting of shareholders will be held at the new Dominion Distribution Centre on the West Mall at Highways 5 & 27 in the Borough of Etobicoke, on Monday, August 17th, 1970 at 11:00 a.m.

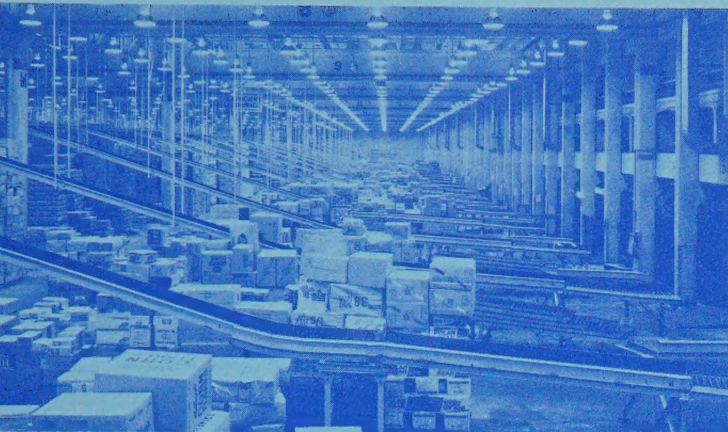
Our Appreciation

The complexities of successfully operating a large, broadly based company such as Dominion require the help and co-operation of many groups of people. Your Board of Directors extends its sincere appreciation to its vast numbers of loyal customers, to the efforts of our thousands of employees, to our many dependable suppliers and for the support of our shareholders.

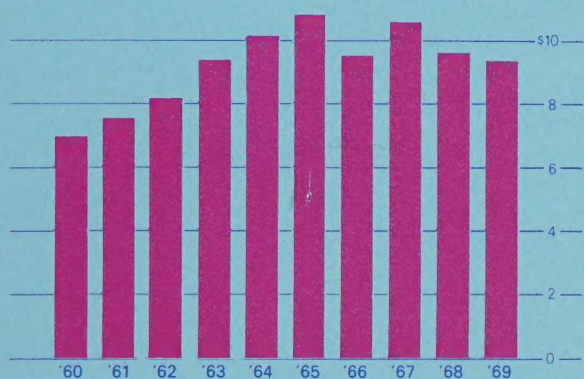
For the Board of Directors,

JOHN A. McDOUGALD,
Chairman of the Board

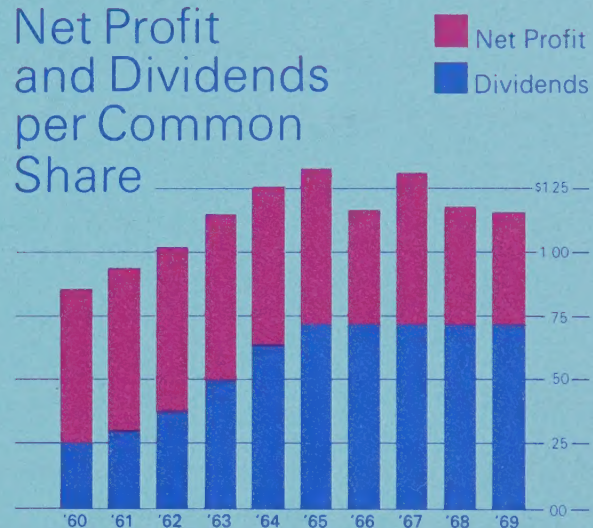
THOMAS G. McCORMACK,
President



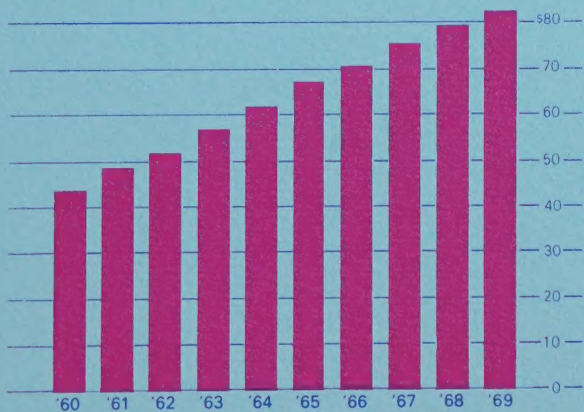
Net Profit in Millions



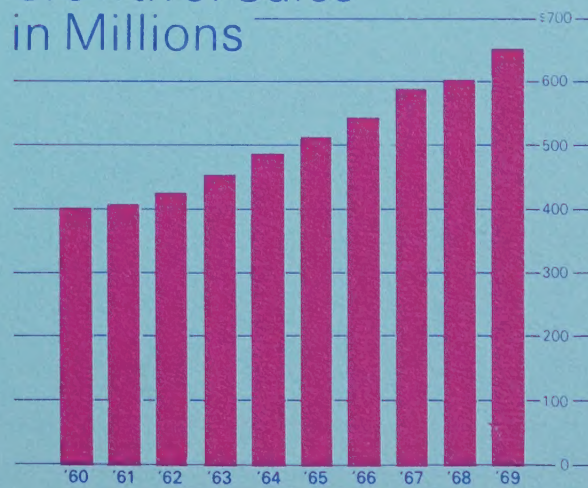
Net Profit and Dividends per Common Share



Growth of Net Worth in Millions



Growth of Sales in Millions





Consolidated Statement of Earnings

	For the years ended	
	March 21, 1970 (52 Weeks)	March 22, 1969 (52 Weeks)
	<i>(in thousands of dollars)</i>	
Sales	\$651,650	\$602,886
Cost of Goods Sold and Expenses	<u>631,342</u>	<u>581,494</u>
Earnings before Taxes on Income	20,308	21,392
Taxes on Income	<u>10,990</u>	<u>11,870</u>
Net Earnings for the Year	<u>\$ 9,318</u>	<u>\$ 9,522</u>
Earnings per Share	\$ 1.15	\$ 1.17

Included in the above are

Employees' Salaries & Benefits (Note 1)	\$ 86,438	\$ 76,487
Depreciation (Note 4)	7,928	6,820
Municipal Taxes	5,445	5,112
Interest Expense	1,571	861
Interest Income	(294)	(284)



Consolidated Statement of Source and Use of Funds

		For the years ended March 21, 1970 (52 Weeks)		March 22, 1969 (52 Weeks)	
				<i>(in thousands of dollars)</i>	
Source of Funds	Net earnings for the year	\$ 9,318		\$ 9,522	
	Charges not requiring cash outlay:				
	Depreciation	7,928		6,820	
	Deferred income taxes	805		690	
	Funds generated from operations	18,051		17,032	
	Disposal of fixed assets	3,004		896	
	Sale of 4,375 shares of common stock under the stock option plan (note 6)	56		—	
	Special Refundable Tax:				
	Payments received	—		459	
	From non-current	—		279	
		<u>21,111</u>		<u>18,666</u>	
Use of Funds	Investment in fixed assets	15,310		18,290	
	Dividends	5,813		5,813	
	Reduction of long-term debt	999		939	
	Increase in mortgages and other investments	368		571	
		<u>22,490</u>		<u>25,613</u>	
Working Capital	DECREASE DURING THE YEAR	1,379		6,947	
	BALANCE — BEGINNING OF THE YEAR	18,715		25,662	
	BALANCE — END OF THE YEAR	<u>\$17,336</u>		<u>\$18,715</u>	



Consolidated Balance Sheet as at March 21, 1970

Assets	March 21, 1970	March 22, 1969
	<i>(in thousands of dollars)</i>	
CURRENT:		
Cash	\$ 4,147	\$ 4,796
Marketable investments—at cost (note 2)	2,203	2,453
Accounts receivable	729	766
Mortgages receivable	2,083	448
Special refundable tax	37	279
Merchandise—valued at the lower of cost and market (note 3)	44,914	41,537
Prepaid expenses	845	915
	<u>54,958</u>	<u>51,194</u>
 MORTGAGES AND OTHER INVESTMENTS	 <u>1,482</u>	 <u>1,114</u>
 FIXED ASSETS—at cost (note 4):		
Store, warehouse and office equipment	86,139	79,311
Buildings and leasehold improvements	34,396	31,294
	<u>120,535</u>	<u>110,605</u>
Accumulated depreciation	52,005	47,113
	<u>68,530</u>	<u>63,492</u>
Land	9,854	10,514
	<u>78,384</u>	<u>74,006</u>
	<u>\$134,824</u>	<u>\$126,314</u>



Liabilities

	March 21, 1970	March 22, 1969
	<i>(in thousands of dollars)</i>	
CURRENT:		
Bank loan	\$ 11,400	\$ 6,700
Accounts payable and accrued expenses	22,493	18,964
Income and sundry taxes	3,026	6,334
Sinking fund instalments due within one year	703	481
	<u>37,622</u>	<u>32,479</u>
DEFERRED INCOME TAXES (note 4)	5,535	4,730
FUNDED DEBT (note 5)	<u>9,069</u>	<u>10,068</u>
CAPITAL STOCK (note 6):		
Authorized—20,000,000 common shares without nominal or par value.		
Issued and fully paid—		
8,073,029 shares at March 22, 1969	15,688	15,688
4,375 shares for cash during the year	56	—
8,077,404	<u>15,744</u>	<u>15,688</u>
REINVESTED EARNINGS:		
Balance at beginning of the year	63,349	59,640
Net earnings for the year	9,318	9,522
Dividends to shareholders	(5,813)	(5,813)
Reinvested earnings	<u>66,854</u>	<u>63,349</u>
SHAREHOLDERS' EQUITY	82,598	79,037
	<u>\$134,824</u>	<u>\$126,314</u>
<i>Signed on behalf of the Board—</i>		
JOHN A. McDOUGALD, THOMAS G. McCORMACK,		
<i>Directors</i>		



Notes to Financial Statements

1. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Expenses include \$369,000 (last year \$415,000) for remuneration of the Company's directors including those directors who are also officers and \$309,000 (last year \$308,000) for remuneration of other senior officers.

2. MARKETABLE INVESTMENTS

The quoted value of marketable investments at March 21, 1970 was \$1,456,000 (last year \$2,446,000).

3. MERCHANDISE

Merchandise is located at both stores and warehouses. The term market value as it applies to store inventories means "net realizable value" and to warehouse inventories "replacement cost".

4. FIXED ASSETS

Recorded depreciation has been computed on a straight-line basis to amortize the cost of the assets over their estimated useful life. The Company has continued to claim maximum allowances for income tax purposes.

5. FUNDED DEBT

	March 21, 1970	March 22, 1969
Redeemable Sinking Fund		
Debentures		
5% Series "A"—		
maturing May 1, 1972 . . .	\$1,384,500	\$ 1,633,500
4¼% Series "B"—		
maturing November 1,		
1975	4,603,500	4,974,000
5½% Series "C"—		
maturing December 1,		
1976	3,784,000	3,942,500
	<u>\$9,772,000</u>	<u>\$10,550,000</u>
Deduct: Sinking fund instal-		
ments due within one		
year, included in cur-		
rent liabilities	702,500	481,500
	<u>\$9,069,500</u>	<u>\$10,068,500</u>

The amounts remaining to be paid in the next five fiscal years to meet the sinking fund and retirement provisions of the funded debt are:

Fiscal years ending March 1971	\$ 702,500
1972	914,500
1973	1,970,000
1974	750,000
1975	750,000

6. STOCK OPTION PLAN

Of the authorized and unissued common shares, 565,000 shares have been reserved under an employees' stock option plan approved by the Shareholders on August 26, 1969. Options covering 427,600 shares have been granted during the year, of which 4,550 were allowed to lapse.

At March 21, 1970 there were unexercised options covering 418,675 shares (including directors' or officers' 35,975 shares) at \$12.75 which expire on August 25, 1974.

7. LONG-TERM LEASES

The total minimum rental liability under leases (excluding insurance, property taxes and certain other occupancy charges) to the date of expiry or option whichever occurs first for each of the periods shown below, is as follows:

	March 21, 1970	March 22, 1969
Within 10 years	\$ 83,819,000	\$ 73,516,000
Within the next 5 years	34,720,000	30,151,000
Within the next 5 years	21,128,000	18,499,000
Within the remainder of the term	8,166,000	5,693,000
	<u>\$147,833,000</u>	<u>\$127,859,000</u>
Minimum annual rentals payable		
under such leases are	<u>\$ 12,658,000</u>	<u>\$ 11,740,000</u>

Certain leases contain an option to cancel. Should the Company exercise these options, it could be required to purchase the related properties.

8. PENSION PLAN

The estimated unfunded liability under the pension plan as of October 31, 1969 amounted to \$10,273,000 which will be paid over the next 20 years by means of annual instalments of approximately \$772,000.



Auditors' Report

McDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

120 Adelaide Street West,
Toronto.

We have examined the consolidated balance sheet of Dominion Stores Limited and its subsidiaries as at March 21, 1970 and the consolidated statements of earnings and source and use of funds for the fiscal year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 21, 1970 and the results of their operations and the source and use of their funds for the fiscal year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chartered Accountants

April 10, 1970



Ten Year Financial Summary *(dollars in millions)*

As at fiscal years ended March:	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961
TOTAL ASSETS	\$134.8	\$126.3	\$116.1	\$108.2	\$104.3	\$ 97.8	\$ 93.4	\$ 86.7	\$ 84.3	\$ 80.1
CURRENT ASSETS	\$ 54.9	\$ 51.2	\$ 51.5	\$ 45.0	\$ 47.8	\$ 44.5	\$ 47.5	\$ 43.6	\$ 42.1	\$ 37.9
CURRENT LIABILITIES	37.6	32.5	25.8	21.7	21.1	19.8	20.4	18.1	16.8	16.5
WORKING CAPITAL	\$ 17.3	\$ 18.7	\$ 25.7	\$ 23.3	\$ 26.7	\$ 24.7	\$ 27.1	\$ 25.5	\$ 25.3	\$ 21.4
Working Capital Ratio	1.5	1.6	2.0	2.1	2.3	2.2	2.3	2.4	2.5	2.3
OTHER ASSETS	\$ 1.5	\$ 1.1	\$ 1.2	\$ 1.7	\$.3	\$.3	\$.7	\$.8	\$.8	\$.9
NET FIXED ASSETS	78.4	74.0	63.4	61.5	56.2	53.0	45.2	42.3	41.4	41.3
DEFERRED INCOME TAXES	5.5	4.7	4.0	3.9	3.5	3.1	2.7	2.6	2.6	2.5
FUNDED DEBT (excludes current portion)	9.1	10.1	11.0	12.0	12.8	13.0	13.5	14.5	16.4	17.7
BOOK VALUE OF SHARE- HOLDERS' INVESTMENT IN THE BUSINESS	\$ 82.6	\$ 79.0	\$ 75.3	\$ 70.6	\$ 66.9	\$ 61.9	\$ 56.8	\$ 51.5	\$ 48.5	\$ 43.4
Accounted for as follows —										
Capital stock	\$ 15.7	\$ 15.7	\$ 15.7	\$ 15.7	\$ 15.6	\$ 15.4	\$ 15.2	\$ 15.2	\$ 15.2	\$ 15.2
Reinvested earnings	\$ 66.9	\$ 63.3	\$ 59.6	\$ 54.9	\$ 51.3	\$ 46.5	\$ 41.6	\$ 36.3	\$ 33.3	\$ 28.2
NUMBER OF SHARES OUT- STANDING (000 Omitted)	8,077	8,073	8,073	8,073	8,069	8,058	8,050	8,050	8,050	8,050
NUMBER OF SHAREHOLDERS	11,305	11,158	11,241	10,895	10,053	9,758	9,084	9,317	8,550	3,772
CAPITAL EXPENDITURES	\$ 15.3	\$ 18.3	\$ 10.6	\$ 14.7	\$ 13.9	\$ 16.0	\$ 9.1	\$ 7.0	\$ 5.7	\$ 10.7

NOTE: Number of shares outstanding (March 1961) adjusted to reflect August 1, 1961 stock split.



Ten Year Statement of Earnings *(dollars in millions)*

For the fiscal years ended March:	1970	1969	1968*	1967	1966	1965	1964	1963*	1962	1961
SALES	<u>\$651.6</u>	<u>\$602.9</u>	<u>\$584.2</u>	<u>\$543.5</u>	<u>\$513.7</u>	<u>\$487.7</u>	<u>\$459.3</u>	<u>\$427.0</u>	<u>\$408.2</u>	<u>\$400.9</u>
COST OF GOODS SOLD AND EXPENSES										
Cost of goods sold and ex- penses except those shown below	\$531.6	\$493.1	\$480.8	\$452.5	\$428.7	\$408.1	\$387.5	\$362.0	\$347.6	\$343.0
Employees' salaries and benefits	86.4	76.5	69.5	61.3	53.8	50.0	44.6	41.0	38.3	36.8
Depreciation	7.9	6.8	6.7	6.0	5.9	5.3	4.8	4.5	4.4	4.3
Municipal Taxes	5.4	5.1	4.7	4.0	3.6	3.3	3.0	2.8	2.6	2.4
	<u>\$631.3</u>	<u>\$581.5</u>	<u>\$561.7</u>	<u>\$523.8</u>	<u>\$492.0</u>	<u>\$466.7</u>	<u>\$439.9</u>	<u>\$410.3</u>	<u>\$392.9</u>	<u>\$386.5</u>
EARNINGS BEFORE TAXES										
ON INCOME	\$ 20.3	\$ 21.4	\$ 22.5	\$ 19.7	\$ 21.7	\$ 21.0	\$ 19.4	\$ 16.7	\$ 15.3	\$ 14.4
Per dollar of sales	3.12¢	3.55¢	3.86¢	3.63¢	4.21¢	4.30¢	4.23¢	3.92¢	3.74¢	3.58¢
TAXES ON INCOME	\$ 11.0	\$ 11.9	\$ 12.0	\$ 10.3	\$ 11.0	\$ 10.9	\$ 10.1	\$ 8.6	\$ 7.8	\$ 7.5
Per dollar of sales	1.69¢	1.97¢	2.06¢	1.90¢	2.14¢	2.23¢	2.20¢	2.02¢	1.90¢	1.87¢
NET EARNINGS	\$ 9.3	\$ 9.5	\$ 10.5	\$ 9.4	\$ 10.7	\$ 10.1	\$ 9.3	\$ 8.1	\$ 7.5	\$ 6.9
Per dollar of sales	1.43¢	1.58¢	1.80¢	1.73¢	2.07¢	2.07¢	2.03¢	1.90¢	1.84¢	1.71¢
Per share	\$ 1.15	\$ 1.17	\$ 1.30	\$ 1.16	\$ 1.32	\$ 1.25	\$ 1.15	\$ 1.01	\$.93	\$.85
DIVIDENDS	\$ 5.8	\$ 5.8	\$ 5.8	\$ 5.8	\$ 5.8	\$ 5.2	\$ 4.0	\$ 3.1	\$ 2.4	\$ 2.0
Per share	72¢	72¢	72¢	72¢	72¢	64¢	50¢	38¢	30¼¢	25¢
NUMBER OF EMPLOYEES										
—full time	9,513	9,121	8,966	8,766	8,437	8,023	7,900	7,280	7,356	7,295
—part time	8,665	7,886	7,750	7,587	8,125	7,159	7,587	6,416	6,862	6,155
	<u>18,178</u>	<u>17,007</u>	<u>16,716</u>	<u>16,353</u>	<u>16,562</u>	<u>15,182</u>	<u>15,487</u>	<u>13,696</u>	<u>14,218</u>	<u>13,450</u>
NUMBER OF STORES OPENED DURING YEAR	20	17	13	23	26	29	18	17	10	26
NUMBER OF STORES AT END OF YEAR	398	389	381	380	377	380	368	363	355	358

*53 Weeks

NOTE: Net earnings per share (March 1961) adjusted to reflect August 1, 1961 stock split.



Consumer Education Plays Vital Role

One of the more prominent developments during the past year has been an increasing desire on the part of Canadian food shoppers for product information and more clearly defined shopping guidance.

Especially in terms of the formulation of product ingredients and the comparative values offered by an increasing number of brands on the market, the need for greater knowledge by consumers became increasingly apparent.

Also, continuing consumer research, as well as regular dialogue with shoppers at the meat counter, indicated the desirability to increase shoppers' awareness of meats in particular.

Recognizing our responsibility to keep the shopping public informed, Dominion launched a special campaign of informative and educational full-page advertisements in major daily newspapers.

In addition to clear and concise information on how to judge a variety of the more popular basic cuts of meat, many of these advertisements individually explained a variety of Dominion's-own company brands. These brands, we believe, supply the best combination of value, in terms of their high quality and comparatively lower regular retail prices.

This particular advertising approach, in addition to providing shoppers at large with objectively presented criteria for making their shopping decisions, highlighted the important contribution which Dominion's own brands make towards lower food costs.

The favourable response to these advertisements, at both the industry and consumer levels, has been unprecedented. Dominion is proud to be playing an important role in bringing to Canadian food shoppers factual information of this nature, upon which they may make a more knowledgeable buying decision.



Dominion Stores Limited

Incorporated under the laws of Canada

Head Office:

605 Rogers Road,
Toronto 15, Ontario

District Offices:

St. John's, Nfld.
Halifax, N.S.
Saint John, N.B.
Quebec, Que.
Montreal, Que.
Ottawa, Ont.
Toronto, Ont.
Hamilton, Ont.
Windsor, Ont.
Sudbury, Ont.
Winnipeg, Man.

Board of Directors – Affiliations

JOHN A. McDOUGALD

Chairman of the Board and Chairman of the Executive Committee—
Dominion Stores Limited

*President—*Argus Corporation Limited

Chairman of the Executive Committee and Vice President—
Hollinger Mines Limited

Director and member of the Executive Committee—
Canadian Imperial Bank of Commerce
Massey-Ferguson Limited

THOMAS G. McCORMACK

President and Chief Executive Officer—
Dominion Stores Limited

*Director—*Argus Corporation Limited
Crown Trust Company

LEWIS H. M. AYRE

*Chairman of the Board and President—*Ayre and Sons Limited

*Chairman of the Board—*Ayres Limited
The Newfoundland Telephone Limited

*Director—*The Bank of Nova Scotia

*ALEX E. BARRON

*Chairman of the Board—*Canadian Tire Corporation Limited

*Director—*London Life Insurance Company
The Canada Trust Company

STEWART G. BENNETT

*Director—*Canada Permanent Trust Company
Phoenix Assurance Company

GEORGE M. BLACK, Jr.

*Vice President—*Argus Corporation Limited

Director and member of the Executive Committee—
Canadian Imperial Bank of Commerce

*Director—*Dominion Tanners Sales Corporation Limited

PIERRE PAUL DAIGLE

*Vice President—*Malcolm G. MacLean Lumber Limited

*Director—*R.C.A. Victor Company Limited

Confederation Life Association

Goodyear Tire and Rubber Company of Canada

International Paints (Canada) Limited

A. BRUCE MATTHEWS

*Chairman of the Board—*The Excelsior Life Insurance Company

*Chairman of the Board—*Canada Permanent Trust Company

*Executive Vice President—*Argus Corporation Limited

MAXWELL C. G. MEIGHEN

*Chairman of the Board—*Canadian General Investments Limited

*Vice President—*Argus Corporation Limited

The Canada Trust Company

*Director—*The Algoma Steel Corporation Limited

ANDRE MONAST, Q.C.

*Partner—*St. Laurent, Monast, Desmeules & Walters

*Director—*Canadian Imperial Bank of Commerce

Churchill Falls (Labrador) Corporation Limited

Noranda Mines Limited

Canada Cement Lafarge Limited

WILLIAM J. STEWART

*Vice President and Secretary—*Dominion Stores Limited

E. P. TAYLOR

*Chairman of the Board—*Argus Corporation Limited

*Chairman of the Board—*The New Providence Development
Company Limited

*Chairman, Executive Committee—*Massey-Ferguson Limited

*Director—*Domtar Limited

The Royal Bank of Canada

*Mr. Barron joined the Board of Directors in April 1970

The Aim

of Dominion Stores Limited is to fulfil with
ever-increasing efficiency its responsibility as a
distributor of food thereby performing
a satisfactory service to the consumer,
producer, manufacturer and processor; to discharge its
responsibility to shareholders whose investment makes
the company possible, and to provide its
employees with a satisfactory living
under the best possible conditions.



DOMINION STORES LIMITED**NOTICE OF ANNUAL MEETING
OF SHAREHOLDERS**

Notice is hereby given that the Annual Meeting of Shareholders of Dominion Stores Limited will be held at the Dominion Distribution Centre, South-west Quadrant of Highways 5 and 27, Borough of Etobicoke, Ontario*, on Monday, August 17th, 1970, at the hour of 11:00 o'clock in the forenoon (Eastern Daylight Saving Time) for the following purposes:

- (1) To receive the directors' report and the Company's financial statements for the fiscal year ended March 21, 1970, and the auditors' report thereon;
- (2) To elect directors for the ensuing year;
- (3) To appoint auditors and authorize the directors to fix their remuneration;
- (4) To transact such other business as may properly come before the meeting.

Enclosed herewith is a copy of the Company's annual report for the fiscal year ended March 21, 1970.

If you are not able to be present in person at the meeting you are requested to sign and return the form of proxy enclosed herewith. A stamped, addressed envelope is enclosed for this purpose.

Dated at Toronto the 28th of July, 1970.

By Order of the Board

W. J. STEWART,
Vice-President and Secretary.

*The municipal address of the Dominion Distribution Centre is 10 Waulron Street, Etobicoke, Ontario.

INFORMATION CIRCULAR

This statement is furnished in connection with the solicitation of proxies by the management of Dominion Stores Limited (hereinafter sometimes called the "Company") for use at the Annual Meeting of Shareholders of the Company to be held on Monday, August 17th, 1970, at the Dominion Distribution Centre, South-west Quadrant of Highways 5 and 27, Borough of Etobicoke, Ontario, at 11:00 o'clock in the forenoon (EDST) for the purposes set forth in the notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company at nominal cost. The cost of solicitation will be borne by the Company.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The holders of shares of record at the time of the meeting will be entitled to vote such shares at the meeting. There are 8,077,404 common shares of the Company issued and outstanding. Each common share carries one vote.

On July 10, 1970, Argus Corporation Limited was the holder of record and beneficially of 2,000,000 shares of the Company being 24.7 per cent of the outstanding shares of the Company on such date.

ELECTION OF DIRECTORS

The following are the names of the persons for whom it is intended that votes will be cast for their election as directors, pursuant to the proxy which is hereby solicited: Lewis H. M. Ayre, Alex E. Barron, Stewart G. Bennett, George M. Black Jr., Pierre P. Daigle, A. Bruce Matthews, Thomas G. McCormack, John A. McDougald, Maxwell C. G. Meighen, Andre Monast, W. J. Stewart, E. P. Taylor.

The term of office for each director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed. It is intended to vote proxies for the election of the foregoing nominees all of whom are now directors of the Company with the exception of Alex E. Barron. In the event that any vacancy occurs in the said list of nominees it is intended that discretionary authority shall be granted to vote the proxy for the election of any other person or persons as directors.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

<u>Name and Principal Occupation (1)</u>	<u>Year first became a director (2)</u>	<u>Approximate number of shares of Company beneficially owned directly or indirectly as at July 10, 1970</u>
Lewis H. M. Ayre President, Ayre & Sons Limited (Department Stores)	1963	2501
Alex E. Barron President, Canadian General Investments Limited. (Closed End Invest- ment Trust)	1970	1000
Stewart G. Bennett Director, Beardmore & Co. Limited (Leather Tanners)	1938	6501
George M. Black Jr. Director, Argus Corporation Limited (Closed End Investment Trust) . .	1964	1001
Pierre P. Daigle Vice President, Malcolm MacLean Lumber Limited (Wholesale Lumber Distributors)	1961	1
A. Bruce Matthews Chairman of the Board, Excelsior Life Insurance Co. (Life Insurance Company)	1954	1505
Thomas G. McCormack President, Dominion Stores Limited (Chain Food Stores)	1955	625
John A. McDougald Chairman of the Board, Dominion Stores Limited (Chain Food Stores) . .	1945	25
Maxwell C. G. Meighen Chairman of the Board, Canadian General Investments Limited (Closed End Investment Trust)	1964	1000
Andre Monast, Q.C. Partner, St. Laurent, Monast, Desmeules & Walters (Advocates)	1966	1000
William J. Stewart Vice President and Secretary, Dominion Stores Limited (Chain Food Stores)	1969	202
E. P. Taylor President, The New Providence Development Company Ltd. (Land Developer, The Bahama Islands)	1945	4376

Notes: (1) Each of the above named persons (except Alex E. Barron) was elected to his present term of office as a Director of the Company by a vote of shareholders at the Annual Meeting of the Company held on August 26th, 1969, notice of which was accompanied by the Information Circular. Mr. Alex E. Barron has held the office of President of Canadian General Investments Limited since March, 1970 and, prior to that time, was Vice President and Treasurer of that Company for more than five years.

(2) Each of the nominees has served as a director since the year he first became a director. Alex E. Barron was appointed in April, 1970.

(3) The following directors are members of the Executive Committee: John A. McDougald, E. P. Taylor, A. Bruce Matthews, Thomas G. McCormack, Maxwell C. G. Meighen, George M. Black Jr., Stewart G. Bennett.

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid or payable by the Company or its subsidiaries (all of whose financial statements are consolidated with those of the Company) to the directors and senior officers of the Company during the fiscal year ended March 21, 1970, amounted to \$633,239.55. The estimated aggregate cost to the Company or its subsidiaries in the said fiscal year of all pension benefits proposed to be paid under the Company's normal pension plan to senior officers of the Company and to the directors who participate in such plan (all of whom are officers of the Company) in the event of retirement at normal retirement age was \$17,933.30.

The aggregate of all amounts accrued and set aside as at the end of the Company's latest fiscal year in respect of payments by way of deferred compensation to be made in the future to directors and senior officers of the Company was \$495,505.

The aggregate of all remuneration payments (other than those referred to in the two immediately preceding paragraphs) proposed to be made in future by the Company or any of its subsidiaries to directors and senior officers of the Company cannot at the present time be definitely stated but the maximum amount which the Company may be required to pay in any one year under arrangements now in effect is \$42,850.

On August 26th, 1969, Directors and Senior Officers of the Company were granted options under the Employees' Stock Option Plan 1969, which was approved by the shareholders of the Company on August 26th, 1969, to purchase an aggregate of 35,975 shares of the Company at a price of \$12.75 per share. The said options are exercisable at any time and from time to time on or before August 25th, 1974. During the thirty-day period preceding the granting of said options, the price of the shares of the Company on the Toronto Stock Exchange ranged from a low of \$12.25 per share to a high of \$15.00 per share, and on August 26th, 1969, the date on which the said options were granted, the closing bid price on the Toronto Stock Exchange was \$12.75 per share. None of the said options has yet been exercised.

APPOINTMENT OF AUDITORS

It is intended to vote the proxies hereby solicited for the re-appointment of McDonald, Currie & Co., the present auditors, as auditors of the Company to hold office until the next Annual Meeting of Shareholders.

VOTING OF PROXIES

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND VOTE FOR HIM AND ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSON DESIGNATED IN THE ENCLOSED FORM OF PROXY. TO EXERCISE THIS RIGHT THE SHAREHOLDER MAY INSERT THE NAME OF THE DESIRED PERSON IN THE BLANK SPACE PROVIDED IN THE PROXY, AND STRIKE OUT THE OTHER NAMES OR MAY SUBMIT ANOTHER APPROPRIATE PROXY.

The shares represented by the proxy will be voted and where a choice with respect to any matter to be acted upon has been specified in the form of proxy the shares will, subject to Section 105 of The Securities Act, 1966 (Ontario), as amended, be voted in accordance with the specifications so made.

The form of proxy confers discretionary authority with respect to amendments or variations to matters identified in the notice of meeting and any other matters which may properly come before the meeting.

It is not intended to use the proxy for the purpose of voting upon the Company's financial statement for the fiscal year ended March 21, 1970, and the reports of the directors and auditors thereon.

A shareholder executing the enclosed form of proxy has the power to revoke it at any time before its exercise by instrument in writing deposited with the Secretary of the Company.

OTHER MATTERS

The management knows of no matters to come before the meeting of shareholders other than the matters referred to in the notice of meeting. Should any other matters properly come before the meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

Dated as of the 10th day of July, 1970

RENSEIGNEMENTS SUR LES CANDIDATS AUX POSTES D'ADMINISTRATEURS

<u>Nom et occupation principale (1)</u>	<u>Administrateur pour la première fois en (2)</u>	<u>Nombre approximatif d'actions de la compagnie détenues en propriété directement ou indirectement au 10 juillet 1970</u>
Lewis H. M. Ayre Président, Ayre & Sons (Grands magasins)	1963	2,501
Alex E. Barron Président, Canadian General Investments Ltd. (Société d'investissement "closed-end")	1970	1,000
Stewart G. Bennett Administrateur, Beardmore & Co. Limited (Tannerie)	1938	6,501
George M. Black jr Administrateur, Argus Corporation Limited (Société d'investissement "closed-end")	1964	1,001
Pierre P. Daigle Vice-président, Malcolm MacLean Lumber Limited (Grossiste en bois de construction)	1961	1
A. Bruce Matthews Président du Conseil d'Administration, Excelsior Life Insurance Co. (Compagnie d'assurance-vie)	1954	1,505
Thomas G. McCormack Président, Dominion Stores Limited (Magasins d'alimentation à succursales multiples)	1955	625
John A. McDougald Président du Conseil d'Administration, Dominion Stores Limited (Magasins d'alimentation à succursales multiples)	1945	25
Maxwell C. G. Meighen Président du Conseil d'Administration, Canadian General Investments Limited (Société d'investissement "closed-end")	1964	1,000
André Monast, C.R. Associé, St-Laurent, Monast, Desmeules & Walters (Avocats)	1966	1,000
William J. Stewart Vice-président et Secrétaire, Dominion Stores Limited (Magasins d'alimentation à succursales multiples)	1969	202
E. P. Taylor Président, The New Providence Development Company Ltd. (Société d'exploitation de terrains, Îles Bahamas)	1945	4,376

Notes: (1) Toutes les personnes mentionnées ci-dessus (à l'exception de M. Alex E. Barron) ont été élues à leurs présentes fonctions d'administrateurs de la compagnie par un vote des actionnaires lors de l'assemblée annuelle de la compagnie qui eut lieu le 26 août 1969, dont l'avis de convocation était accompagné de la lettre de renseignements. M. Alex E. Barron est président de Canadian General Investments Limited depuis mars 1970 et antérieurement il fut vice-président et trésorier de cette compagnie pendant plus de cinq ans.

(2) Tous les candidats proposés sont administrateurs de la compagnie depuis la date de leur première élection. M. Barron fut promu en avril 1970.

(3) Les administrateurs dont les noms suivent sont membres du Comité exécutif: John A. McDougald, E. P. Taylor, A. Bruce Matthews, Thomas G. McCormack, Maxwell C. G. Meighen, George M. Black Jr., Stewart G. Bennett.

RÉMUNÉRATION DES DIRIGEANTS ET AUTRES OFFICIERS

La rémunération directe globale versée ou payable par la compagnie ou ses filiales (dont tous les états financiers sont fusionnés à ceux de la compagnie) aux administrateurs et officiers supérieurs de la compagnie durant l'exercice terminé le 21 mars 1970 s'est élevée à \$633,239.55. Le montant total estimatif que la compagnie ou ses filiales auraient à verser en prestations de pensions pour ledit exercice, en vertu du régime de pensions de la compagnie, à ses officiers supérieurs et à ses administrateurs qui participent à tel régime (tous officiers de la compagnie) en cas de retraite à l'âge normalement prévu se chiffre par \$17,933.30.

Le total de tous montants accumulés et mis de côté à la fin du dernier exercice de la compagnie en vue des paiements à titre de compensation différée à effecteur dans l'avenir à des administrateurs et des officiers supérieurs de la compagnie forme une somme de \$495,505.

Le total des versements en rémunérations (autres que ceux qui sont mentionnés aux deux paragraphes précédents) que la compagnie ou une de ses filiales se proposent d'effectuer dans l'avenir à des administrateurs et officiers supérieurs de la compagnie ne peut être établi définitivement pour le moment, mais le montant maximal que la compagnie peut être appelée à verser en une seule année en vertu des ententes présentement en vigueur est de \$42,850.

Le 26 août 1969, des options furent octroyées à des administrateurs et officiers supérieurs de la compagnie en vertu de son plan d'options sur actions de 1969 qui fut approuvé par les actionnaires le 26 août 1969 en vue de l'achat d'un nombre global de 35,975 actions de la compagnie au prix de \$12.75 par action. Ces options peuvent être exercées en tout temps et de temps à autre le ou avant le 25 août 1974. Dans les trente jours qui précéderont l'octroi de ces options, le prix des actions de la compagnie à la bourse de Toronto varia entre \$12.25 et \$15.00 par action et, le 26 août 1969, date à laquelle des options furent octroyées, la cote à la fermeture de la bourse de Toronto était de \$12.75 par action. Jusqu'ici aucune de ces options n'a été exercée.

NOMINATION DES VÉRIFICATEURS

On a l'intention d'utiliser les procurations sollicitées par les présentes pour nommer de nouveau McDonald, Currie & Co., les vérificateurs actuels, comme vérificateurs de la compagnie devant demeurer en fonction jusqu'à la prochaine assemblée annuelle des actionnaires.

VOTE PAR PROCURATION

TOUT ACTIONNAIRE A LE DROIT DE NOMMER UNE PERSONNE (PAS NÉCESSAIREMENT UN ACTIONNAIRE) AUTRE QUE CELLE QUI EST DÉSIGNÉE À LA FORMULE DE PROCURATION CI-JOINTE, POUR ASSISTER ET VOTER POUR LUI ET EN SON NOM À L'ASSEMBLÉE. POUR EXERCER CE DROIT, L'ACTIONNAIRE PEUT INSÉRER LE NOM DE LA PERSONNE CHOISIE DANS L'ESPACE LAISSÉ EN BLANC DANS LA PROCURATION ET RAYER LES AUTRES NOMS, OU PRODUIRE UNE AUTRE PROCURATION CONVENABLE.

La procuration servira au vote des actions qu'elle représente et lorsqu'un choix sera indiqué à la formule de procuration à l'égard de toute question à régler, les actions serviront, sous réserve de l'article 105 de la Loi des Valeurs mobilières de 1966 (Ontario), telle qu'elle est modifiée, à voter conformément aux directives ainsi données.

La procuration confère un pouvoir discrétionnaire à l'égard des amendements ou changements qui pourront être proposés aux questions à l'ordre du jour dans la convocation à l'assemblée ou de toutes autres matières qui pourront être soumises en bonne et due forme à ladite assemblée.

On n'a pas l'intention d'utiliser la procuration pour l'approbation par voie de vote des états financiers de la compagnie pour l'exercice terminé le 21 mars 1970 et des rapports des administrateurs et des vérificateurs concernant ces états.

Tout actionnaire ayant donné procuration au moyen de la formule ci-jointe peut la révoquer en tout temps avant qu'elle n'ait servi au vote, par avis écrit remis au secrétaire de la compagnie.

AFFAIRES NOUVELLES

La direction n'est au courant d'aucune affaire qui puisse être soumise à l'assemblée des actionnaires autre que celles dont il est question dans la convocation. Si toute autre affaire est soumise en bonne et due forme à l'assemblée, la procuration ci-jointe servira à voter sur ladite affaire selon le bon jugement de la personne ou des personnes qui voteront en vertu de la procuration.

Datée le 10e jour de juillet 1970.

DOMINION STORES LIMITED

CONVOCATION À L'ASSEMBLÉE ANNUELLE DES ACTIONNAIRES

Avis est par les présentes donné que l'assemblée annuelle des actionnaires de Dominion Stores Limited aura lieu au Centre de distribution Dominion, secteur sud-ouest des routes 5 et 27, circonscription d'Etobicoke, Ontario*, le lundi 17 août 1970 à 11 heures du matin (heure avancée de l'est) aux fins suivantes:

- (1) recevoir le rapport des administrateurs et les états financiers de la compagnie pour l'exercice terminé le 21 mars 1970, ainsi que le rapport des vérificateurs s'y rattachant;
- (2) élire les administrateurs pour l'exercice suivant;
- (3) nommer les vérificateurs et autoriser les administrateurs à fixer leur rémunération;
- (4) régler toute autre affaire qui pourrait être régulièrement soumise à l'assemblée.

Ci-joint un exemplaire du rapport annuel de la compagnie pour l'exercice terminé le 21 mars 1970.

Si vous ne pouvez assister à l'assemblée, veuillez signer et retourner la formule de procuration que vous trouverez ci-inclus avec enveloppe de retour affranchie.

Daté à Toronto, le 28e jour de juillet 1970.

Par ordre du Conseil d'Administration,

Le Vice-président et Secrétaire,
W. J. STEWART.

*L'adresse municipale du Centre de distribution Dominion est 10, rue Waulron, Etobicoke, Ontario.

LETTRE DE RENSEIGNEMENTS

La présente déclaration est fournie à propos de la sollicitation par la direction de Dominion Stores Limited (ci-après appelée parfois la "compagnie") de procurations devant servir à l'assemblée annuelle des actionnaires de la compagnie qui aura lieu le lundi 17 août 1970, au Centre de distribution Dominion, secteur sud-ouest des routes 5 et 27, circonscription d'Etobicoke, Ontario, à 11 heures du matin (HAE) aux fins énoncées dans la convocation à l'assemblée. On prévoit que la sollicitation se fera principalement par la poste. Il se peut que des procurations soient également sollicitées par des employés réguliers de la compagnie, à un coût nominal. Les frais de la sollicitation seront à la charge de la compagnie.

ACTIONS ADMISES AU VOTE ET LEURS PRINCIPAUX DÉTENTEURS

Les détenteurs d'actions inscrits aux livres au moment de l'assemblée auront droit de vote à l'égard de telles actions à l'assemblée. Le nombre d'actions ordinaires de la compagnie émises et en circulation se chiffre par 8,007,404. Chaque action ordinaire donne droit à un vote.

Le 10 juillet 1970, Argus Corporation Limited était le détenteur enregistré et propriétaire de 2,000 000 d'actions de la compagnie, soit 24.7 pour cent des actions en circulation de la compagnie à cette date.

ÉLECTION DES ADMINISTRATEURS

Voici la liste des personnes en faveur de qui on se propose de déposer les votes en vue de leur élection au poste d'administrateur, conformément à la procuration sollicitée par les présentes: Lewis H. M. Ayre, Alex E. Barron, Stewart G. Bennett, George M. Black jr., Pierre P. Daigle, A. Bruce Matthews, Thomas G. McCormack, John A. McDougald, Maxwell C. G. Meighen, André Monast, W. J. Stewart, E. P. Taylor.

Le mandat de chaque administrateur dure depuis le jour de l'assemblée à laquelle il est élu jusqu'à celui de l'assemblée annuelle suivante ou jusqu'à ce que son successeur soit élu ou nommé. On a l'intention d'utiliser les procurations pour l'élection des candidats énumérés ci-dessus qui sont présentement administrateurs de la compagnie, à l'exception de Alex E. Barron. Advenant toute vacance parmi les candidats énumérés ci-dessus, on se propose d'obtenir un mandat discrétionnaire pour faire servir les votes représentés par la procuration à l'élection de toutes autres personnes ou personnes aux postes d'administrateurs.



DOMINION STORES LIMITED

Toronto, Canada

Le 17 novembre 1970

À nos actionnaires

Durant le premier semestre de l'exercice en cours, votre compagnie a réalisé le plus fort accroissement des ventes qu'elle ait jamais connu au cours d'un premier semestre. Les ventes augmentèrent de plus de \$27 millions, soit de 8.73%. Toutefois, l'accroissement significatif continu des frais d'exploitation entraîna une diminution de \$277,934 du profit soit de 6.95%.

POINTS SAILLANTS DU SEMESTRE

	26 semaines terminées	
	le 19 sept. 1970	le 20 sept. 1969
Ventes	\$337,110,966	\$310,039,475
Profit avant impôts	8,003,573	8,236,507
Impôts sur le revenu	4,285,000	4,240,000
Profit net	3,718,573	3,996,507
Par action	46¢	49¢
Nombre de magasins	395	393

ÉTAT DE LA PROVENANCE ET DE L'UTILISATION DES FONDS

	Pour les 26 semaines terminées	
	le 19 sept. 1970	le 20 sept. 1969
	en milliers de dollars	
Provenance des fonds		
Bénéfices nets des 26 semaines	\$ 3,718	\$ 3,997
Amortissement	4,235	3,837
Fonds provenant de l'exploitation	7,953	7,834
Vente d'immobilisations	271	1,324
Actions émises en vertu du plan d'option sur actions	10	—
	8,234	9,158
Utilisation des fonds		
Placement en immobilisations	6,547	6,153
Dividendes versés	2,908	2,907
Réduction de la dette à long terme	164	204
Augmentation des hypothèques	715	184
Placements transférés à l'actif non disponible	2,203	—
	12,537	9,448
Fonds de roulement		
Augmentation (diminution) durant les 26 semaines	(4,303)	(290)
Solde—au début de l'exercice	17,336	18,715
Solde—à la fin du semestre	\$13,033	\$18,425

La position prééminente de votre compagnie, en sa qualité de plus importante chaîne de magasins d'aliments, établit qu'en produisant de fortes augmentations des ventes, des économies d'envergure lui permettront de faire réaliser de précieuses épargnes au public acheteur. La nouvelle ligne de conduite en matière de commercialisation que traduit l'expression "Prix coupés à plein" permet de garantir que, dollar pour dollar, la compagnie ne sera pas devancée. Nous prévoyons que de fortes augmentations des ventes, de pair avec la conversion aux prix coupés à plein compenseront amplement la compression des marges de profit.

Votre compagnie a conclu un accord avec Nesbitt Thomson Securities Limited et des souscripteurs associés en vue de la vente d'un montant de \$20,000,000 de débentures à 9% avec fonds d'amortissement, de série D. Le produit de cette vente servira à remplacer le financement bancaire du programme d'expansion des immobilisations de la compagnie mis en oeuvre récemment.

Au nom de Conseil d'administration

Le Président

THOMAS G. McCORMACK

(English text on other side)

AR39**DOMINION STORES LIMITED**

Toronto, Canada

November 17, 1970

To our Shareholders:

In the first half of the current fiscal year your Company achieved the greatest first half-year sales increase in its history. Sales increased more than \$27 million or 8.73%. However, continuing significant cost increases resulted in a decrease in profit of \$277,934 or 6.95%.

HALF YEAR HIGHLIGHTS

	26 Weeks Ended	
	Sept. 19, 1970	Sept. 20, 1969
Sales	\$337,110,966	\$310,039,475
Profit before taxes	8,003,573	8,236,507
Taxes on income	4,285,000	4,240,000
Net Profit	3,718,573	3,996,507
Per Share	46¢	49¢
Number of stores	395	393

STATEMENT OF SOURCE AND USE OF FUNDS

	For the 26 Weeks Ended	
	Sept. 19, 1970	Sept. 20, 1969
	in thousands of dollars	
Source of Funds		
Net earnings for the 26 weeks	\$ 3,718	\$ 3,997
Depreciation	4,235	3,837
Funds generated from operations	7,953	7,834
Disposal of fixed assets	271	1,324
Shares issued under stock option plan	10	—
	<u>8,234</u>	<u>9,158</u>
Use of Funds		
Investment in fixed assets	6,547	6,153
Dividends paid	2,908	2,907
Long term debt reduction	164	204
Increase in mortgages	715	184
Investments transferred to non-current	2,203	—
	<u>12,537</u>	<u>9,448</u>
Working Capital		
Increase (decrease) during the 26 weeks	(4,303)	(290)
Balance—beginning of the year	17,336	18,715
Balance—end of the half-year	<u>\$13,033</u>	<u>\$18,425</u>

Your Company's pre-eminent position as Canada's largest food chain has determined that by generating strong sales increases, substantial economies of scale will enable it to bring worthwhile savings to the shopping public. The new merchandising policy of "Everyday Deep Discount Prices" makes it possible to guarantee that, dollar for dollar, it will not be undersold. We anticipate that strong sales increases accompanying the conversion to deep discount prices will more than make up for narrowed margins.

Your Company has entered into an agreement with Nesbitt Thomson Securities Limited and associated underwriters for the sale of \$20,000,000, 9¾% Sinking Fund Debentures, Series D. The proceeds will be used to replace bank financing of the Company's recent capital expansion program.

For the Board of Directors,
THOMAS G. McCORMACK,
President

(Texte français au verso)